

# HOUSE BILL REPORT

## HB 2664

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**As Reported by House Committee On:**  
Technology & Economic Development

**Title:** An act relating to extending existing telecommunications authority to all ports in Washington state in order to facilitate public-private partnerships in wholesale telecommunications services and infrastructure.

**Brief Description:** Extending existing telecommunications authority to all ports in Washington state in order to facilitate public-private partnerships in wholesale telecommunications services and infrastructure.

**Sponsors:** Representatives Dye, Doglio, Jenkin, Chapman, Vick, Stonier, Wylie and Walsh.

**Brief History:**

**Committee Activity:**

Technology & Economic Development: 1/30/18, 2/1/18 [DPS].

**Brief Summary of Substitute Bill**

- Extends existing telecommunications authorities of rural port districts to all port districts.

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### HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Morris, Chair; Kloba, Vice Chair; Tarleton, Vice Chair; Smith, Ranking Minority Member; DeBolt, Assistant Ranking Minority Member; Doglio, Fey, Harmsworth, Hudgins, Manweller, McDonald, Nealey, Santos, Slatter, Steele, Wylie and Young.

**Staff:** Lily Smith (786-7175).

**Background:**

A rural port district in existence on June 8, 2000, may acquire and operate telecommunications facilities for its own internal telecommunications needs within and

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outside of the district, and to provide wholesale telecommunications services within the district limits.

Rural port districts providing wholesale services must:

- ensure that their rates, terms, and conditions are not unduly or unreasonably discriminatory or preferential;
- keep accountings of revenues and expenditures of their wholesale telecommunications activities separate from their internal telecommunications operations;
- dedicate the revenues from the wholesale activities to paying off the costs incurred in building and maintaining the telecommunications facilities; and
- charge themselves the true and full value of telecommunications services provided by their separate telecommunications functions to the district.

A rural port district may not charge preferential or discriminatory rates to its non-telecommunications operations or exercise powers of eminent domain to acquire telecommunications facilities or contractual rights to such facilities.

The Utilities and Transportation Commission (UTC) is authorized to regulate in the public interest the rates, services, facilities, and practices of all persons supplying a utility service within the state. A recipient of wholesale telecommunications services from a rural port district may petition the UTC if it believes the district's rates, terms, and conditions are unduly or unreasonably discriminatory or preferential.

A rural port district is one that is located in a county with an average population density of less than 100 persons per square mile.

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### **Summary of Substitute Bill:**

The authority to acquire and operate telecommunications facilities for: (1) the district's own use; and (2) the provision of wholesale telecommunications services within the district limits, is extended to all port districts in existence on June 8, 2000.

A port district exercising telecommunications authorities for the first time after the effective date of the act must develop a business case plan.

### **Substitute Bill Compared to Original Bill:**

The substitute bill adds the requirement that a port district develop a business case plan if it exercises the telecommunications authorities provided for the first time after the effective date of the act.

The definition of "wholesale telecommunications services" is specified to not include the provision of lit optical fiber.

A reference is added to the potential application of local leasehold excise taxes to telecommunications facilities used in the provision of wholesale telecommunications.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Ports have been critical players in the development of needed infrastructure that also supports jobs. There is current engagement in public-private partnerships that will have an economic benefit. Ports are able to make long-term investments without immediate returns, use business case assessments, and access federal funding. There is need for further deployment of fiber, and ports are ready to build if they have the authority. The same ability to build fiber should be given to other port districts willing to serve their communities. People relocating to rural areas don't have what they need to be successful, and stakeholders have indicated that Internet connectivity is the most important service.

(Opposed) None.

(Other) The bill would be improved by inserting language that would allow a port to select one private company to provide services on the fiber it builds.

**Persons Testifying:** (In support) Representative Dye, prime sponsor; Sara Young, Port of Skagit County; Michael Hogan, Port of Bellingham; Joe Poire, Port of Whitman County; and Nelson Holmberg, Port of Ridgefield.

(Other) William Bridges, CenturyLink.

**Persons Signed In To Testify But Not Testifying:** None.